

**NEVADA STATE BOARD OF ACCOUNTANCY**

**FINANCIAL STATEMENTS**

**JUNE 30, 2010**

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NEVADA STATE BOARD OF ACCOUNTANCY  
JUNE 30, 2010

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## INDEPENDENT AUDITORS' REPORT

To the Members of the Board  
Nevada State Board of Accountancy

We have audited the accompanying financial statements of the Nevada State Board of Accountancy as of and for the year ended June 30, 2010, as listed in the table of contents. These financial statements are the responsibility of the Nevada State Board of Accountancy's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements and assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Nevada State Board of Accountancy as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2010, on our consideration of the Nevada State Board of Accountancy's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 2 through 8 and 20 through 21, respectively, are not required parts of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink, appearing to read 'Kohn Colodny'.

Reno, Nevada  
September 22, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Board members' and management's discussion and analysis of the Nevada State Board of Accountancy's (the "Board") financial condition and activities for the fiscal year ended June 30, 2010 is presented in conjunction with the audited financial statements.

### Financial Highlights

- Program revenue for the fiscal year ended June 30, 2010 was approximately \$633,000 representing an \$8,600 increase over the fiscal year ended June 30, 2009.
- The 2009 Legislative Session passed the Board's bill to implement mobility or practice privileges. The legislation implementation date was July 1, 2009 and it removed the temporary permit and subsequent fees associated with the permit process. This change represented a decrease of Temporary Permit Revenue of \$35,075 and Reciprocity Application Revenue of \$4,700. However the legislation required firm's performing certain engagements to register with the Board, this caused an increase in Firm Registration Revenue of \$13,600.
- There was an increase of \$31,356 in Fee Recovery primarily due to the increased number of disciplinary actions taken by the Board during the fiscal year.
- There was a substantial decrease of over \$9,850 in interest income primarily due to the extreme economic situation and lowering of interest rates.

### Overview of Annual Financial Report

Management's Discussion and Analysis (MD&A) serves as an introduction to, and should be read in conjunction with, the basic audited financial statements and supplementary information. The MD&A represents the Board members' and management's examination and analysis of the Board's financial condition and performance. Summary financial statement data, key financial and operational indicators used in the Board's strategic plan, budget, and other management tools were used for this analysis.

The Board uses the modified accrual basis of accounting for internal financial statement reporting. The financial statements have been prepared in accordance with generally accepted accounting principles as they apply to governmental units. The financial statements include a balance sheet, a statement of revenues, expenditures budget and actual, and changes in fund balance, and notes to the financial statements.

The Statement of Net Assets and Governmental Fund Balance Sheet present the financial position of the Board on both the modified accrual basis under the general fund and the full accrual basis as net assets. This statement provides information on the Board's assets and liabilities with the difference reported as net assets. Over time, increases and decreases in net assets are one indicator of whether the financial position of the Board is improving or deteriorating.

The Statement of Net Assets and Governmental Fund Balance Sheet provide information about the nature and amount of resources and obligations at year-end. The Statement of Activities and Governmental Fund Revenue, Expenditures and Changes in Fund Balance presents the results of the activities over the course of the fiscal year and information as to how the fund balance and net assets changed during the year. The fund balance changes under the modified accrual

method when revenue is received or the expenditure is made, while changes in net assets under the full accrual method are recorded as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. This statement also provides certain information about the Board's recovery of its costs.

The notes to financial statements provide required disclosures and other information that are essential to a full understanding of material data provided in the statements. The notes present information about the Board's accounting policies, significant account balances and activities, material risks, obligations, commitments, contingencies and subsequent events, if any.

The financial statements were prepared by the Board's staff from the detailed books and records of the Board. The financial statements were audited during the independent external audit process.

### Financial Analysis

The basic financial statements, as well as the required supplementary information, the Statement of Revenue and Expenditures – Budget and Actual, serve as the key financial data for the Board members' and management's monitoring and planning. Comments regarding budget-to-actual variances and year-to-year variances are included in the following Results of Operations by the name of the statement or account.

NEVADA STATE BOARD OF ACCOUNTANCY  
CONDENSED STATEMENTS OF NET ASSETS  
JUNE 30, 2010 AND 2009

	2010 Actual Government- Wide		2009 Actual Government- Wide
	<u>                    </u>		<u>                    </u>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,091,694	\$	1,024,751
Accounts receivable	42,661		10,155
Reimbursements receivable	1,805		-
Refunds receivable	-		1,352
Capital assets, net of accumulated depreciation	<u>27,605</u>		<u>48,651</u>
Total assets	<u>1,163,765</u>		<u>1,084,909</u>
<b>LIABILITIES</b>			
Current liabilities	233,665		228,939
Long-term capital lease payable	<u>3,022</u>		<u>4,209</u>
Total liabilities	<u>236,687</u>		<u>233,148</u>
<b>NET ASSETS</b>			
Net assets			
Invested in capital assets, net of related debt	23,396		43,497
Unrestricted	<u>903,682</u>		<u>808,264</u>
Total net assets	<u>\$ 927,078</u>	\$	<u>851,761</u>

NEVADA STATE BOARD OF ACCOUNTANCY  
 CONDENSED STATEMENTS OF CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED JUNE 30, 2010 AND 2009

	2010 Actual Government- Wide	2009 Actual Government- Wide
	<u>                    </u>	<u>                    </u>
<b>EXPENSES</b>		
Operations	\$ 248,904	\$ 284,640
Personnel	272,458	251,173
Travel	45,237	38,925
Total expenses	<u>566,599</u>	<u>574,738</u>
<b>PROGRAM REVENUE</b>		
Fees, licensing, and permits (charges for services)	632,348	623,743
Other operating revenue	875	875
Total program revenue	<u>633,223</u>	<u>624,618</u>
<b>GENERAL REVENUE</b>		
Investment income	<u>8,693</u>	<u>18,549</u>
Total revenue	<u>641,916</u>	<u>643,167</u>
Change in net assets	75,317	68,429
<b>NET ASSETS</b>		
Beginning of year	<u>851,761</u>	<u>783,332</u>
End of year	<u>\$ 927,078</u>	<u>\$ 851,761</u>



### Statement of Net Assets

The Board's net assets remain strong at year-end with adequate liquid assets to fulfill its responsibilities. The Board members and management believe the current financial condition and staff capabilities are sufficient to meet anticipated operating expenses and operational objectives.

### Statement of Activities

Revenues: The program revenue received by the Board is generated through the registration, renewal and licensure of certified public accountants. Total revenue received by the Board for fiscal year ended June 30, 2010 was \$633,223 representing an \$8,605 increase over the fiscal year ended June 30, 2009.

As noted under the Financial Highlights, the 2009 Legislative Session passed the Board's bill to implement mobility or practice privileges. The legislation implementation date was July 1, 2009 and it removed the temporary permit and subsequent fees associated with the permit process. This change represented a decrease of Temporary Permit Revenue of \$35,075 and Reciprocity Application Revenue of \$4,700. However the legislation required firm's performing certain engagements to register with the Board, this caused an increase in Firm Registration Revenue of \$13,600.

There was an increase of \$31,356 in Fee Recovery primarily due to the increased number of disciplinary actions taken by the Board during the fiscal year.

There was a substantial decrease of over \$9,850 in interest income primarily due to the extreme economic situation and lowering of interest rates

The Board continued to provide licensees with a \$20 discount if the renewal was submitted through the Board's on-line website. An increased number of licensees took advantage of the discount with 2,873 providing their renewal on-line at the discounted rate and 98 paying by check without the discount.

Expenses: Operating expenses for the fiscal year ended June 30, 2010 were \$566,599 representing a decrease over the fiscal year ended June 30, 2009 of \$8,139. There was an increase of \$25,830 to the personnel expense based on the increased disciplinary actions that required an outside investigative services contract. An Increase of \$6,312 occurred in the area of Travel Expenses due to increased attendance at conferences and increased airline expenses due to the economy. There was a decrease in legal fees over the prior year of \$26,042. The decrease is based on the handling of matters during the 2009 Legislative Session in conjunction with the Board's practice privilege bill. In addition, the Board's continued automation of its processes and on-line responses have continued to cause a decrease in office supplies, postage, printing and copying.

### General Fund Budgetary Highlights

Total revenue received exceeded the budgeted amount by \$28,970. The categories of license fees, examination fees, reciprocity fees, certificate fees, other operating revenue and investment income in the aggregate were \$11,471 lower than the budgeted amounts, while the categories of fee recovery and firm registration were \$39,566 higher than the budgeted amounts.

Total expenses were lower than the budgeted amounts by \$56,632. The primary areas where expenses were lower than the amounts budgeted were in the categories of practice enhancement program (contracted employees), travel and operating. The Board's budget was prepared assuming all board members would attend conferences. However, not all members attended, so the actual costs of travel were less than those budgeted. In addition, the contracted employees' category was budgeted high to anticipate additional investigations, longer time spent reviewing the practice monitoring program, and more time for the certificate of attest experience review program. However, not all of the time anticipated was needed. The categories of legal and lobbying were lower than the budget due to it being a non-legislative year and the extensive time spent at the prior year 2009 Legislative Session. Lastly, the category of equipment/software came in approximately \$12,319 less than the budgeted amount primarily due to staff's time spent on the increased disciplinary actions.

#### Economic Factors and Next Year's Budget

The Board is charged with, and given statutory authority, to provide public protection through the licensure and regulation of Certified Public Accountants. The Board provides direction of staff actions toward its mission of public protection through licensure and disciplinary measures.

To this end, the Board has implemented a variety of changes that include continued software development to automate various job functions which provides cost savings in personnel services, in addition to small overhead due to the staff size. Staff has been directed to continue seeking areas in which operating expenses can be reduced without jeopardizing the high level of customer service the licensees and public have come to know.

It is anticipated that there may be a decrease to revenue based on the implementation of mobility/practice privileges as more licensees become familiar with the new laws.

It is projected that expenses will increase within the Equipment category based on additional components and configurations being added to the Board's licensing software. These additions to the software will enable Board staff to track the licensing requirements more efficiently.

Through the Board members' and management's review of the annual budget and monthly income and expense statements, it is expected that these tools will continue to provide the Board with sufficient long and short term planning information.

**BASIC FINANCIAL STATEMENTS**

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NEVADA STATE BOARD OF ACCOUNTANCY  
STATEMENT OF NET ASSETS AND GOVERNMENTAL FUND BALANCE SHEET  
JUNE 30, 2010

	General Fund	Adjustments (Note 9)	Statement of Net Assets
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,091,694	\$ -	\$ 1,091,694
Accounts receivable	30,936	11,725	42,661
Reimbursements receivable	1,805	-	1,805
Capital assets, net of accumulated depreciation	-	27,605	27,605
<b>Total assets</b>	<b>\$ 1,124,435</b>	<b>39,330</b>	<b>1,163,765</b>
<b>LIABILITIES</b>			
Accounts payable	\$ 3,392	-	3,392
Accrued compensated absences	-	18,476	18,476
Deferred revenue	210,610	-	210,610
Capital lease obligation			
Due within one year	-	1,187	1,187
Due in more than one year	-	3,022	3,022
<b>Total liabilities</b>	<b>214,002</b>	<b>22,685</b>	<b>236,687</b>
<b>FUND BALANCE / NET ASSETS</b>			
Fund balance			
Unreserved, undesignated	910,433	(910,433)	-
<b>Total liabilities and fund balance</b>	<b>\$ 1,124,435</b>		
<b>Net assets</b>			
Invested in capital assets, net of related debt		23,396	23,396
Unrestricted		903,682	903,682
<b>Total net assets</b>		<b>\$ 927,078</b>	<b>\$ 927,078</b>

See accompanying notes

NEVADA STATE BOARD OF ACCOUNTANCY  
 STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUE, EXPENDITURES,  
 AND CHANGES IN FUND BALANCE  
 FOR THE YEAR ENDED JUNE 30, 2010

	General Fund	Adjustments (Note 9)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Accountancy board operations	\$ 493,675	\$ 26,280	\$ 519,955
Capital outlay	48,681	(2,037)	46,644
Total expenditures/expenses	<u>542,356</u>	<u>24,243</u>	<u>566,599</u>
<b>PROGRAM REVENUE</b>			
Charges for services	628,098	5,125	633,223
Net program revenue	<u>85,742</u>	<u>(19,118)</u>	<u>66,624</u>
<b>GENERAL REVENUE</b>			
Investment income	<u>8,693</u>	-	<u>8,693</u>
Excess of revenue over expenditures	94,435	(94,435)	-
Change in net assets	-	75,317	75,317
<b>FUND BALANCE / NET ASSETS</b>			
Beginning of year	<u>815,998</u>	<u>35,763</u>	<u>851,761</u>
End of year	<u>\$ 910,433</u>	<u>\$ 16,645</u>	<u>\$ 927,078</u>

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

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NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Nevada State Board of Accountancy (the Board) was created in 1913 and obtained statutory authority in 1960. The Board is regulated by the Nevada Revised Statutes, which also specify the authorized activities of the Board. The Board is the licensing and regulatory agency for the practice of accounting in the State of Nevada.

The financial statements of the Board have been prepared in accordance with generally accepted accounting principles as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The following is a summary of the more significant accounting policies.

Reporting Entity

Effective July 1, 2001, Chapter 353 of the Nevada Revised Statutes (NRS) was amended to exempt certain professional and occupational boards from the state budget act and the provisions governing the administration of state funding. The provisions of Chapter 353 do not apply to boards created pursuant to chapters 623 to 625A, inclusive, 628, 630 to 640A inclusive, 641 to 644, inclusive, 654 and 656 of the NRS and the officers and employees thereof. Accordingly, the Board's budgeting and accounting practices and procedures have been removed from the oversight of the Department of Administration.

The Board's financial statements are not included in the financial statements of the State of Nevada since the State does not exercise financial or administrative control over the Board. This is in conformance with GASB codification Section 2100, *Defining the Government Reporting Entity*.

Basis of Presentation

The Board is defined as a single-program special-purpose entity under GASB Statement No. 14, paragraph 131 as amended by GASB Statement No. 39. This classification allows for the preparation of GASB 34 financial statements under an optional reporting method which combines the fund and government-wide statements into a single presentation. Under standard GASB 34 methodology, the government-wide statement of net assets and statement of activities are presented independently from the respective fund balance sheet and statement of revenues, expenditures, and fund balance. A reconciliation of adjustments provided on the modified financial statements demonstrates the changes from the fund financial statements to the government-wide financial statements in order to assist the reader in evaluating these statements. The Board has utilized this optional method of presentation.

Fund Accounting

The general fund of the Board is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures to be used solely for the Board's benefit. The net assets of the general fund are restricted solely to be used by the Board to meet its obligation of licensing and regulating the practice of public accounting in the state of Nevada.

Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Basis of Accounting (Continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The Board has only governmental fund types.

Budget Data

The Board prepares an annual budget. The budget is prepared on a basis similar to generally accepted accounting principles under the modified accrual basis of accounting. All annual appropriations lapse at fiscal year end.

Cash and Cash Equivalents

Cash is maintained in two commercial banks in Reno, Nevada. The Board participates in the State of Nevada collateralization program to assure that funds deposited are protected.

Cash also consists of time certificates of deposit, which are stated at fair value. The net increase (decrease) in the fair value of the investments is the difference between the cost (if purchased during the fiscal year) or the fair value of the investments at the beginning of the year, and the fair value of the investments at the end of the year. Changes in fair value of the certificates are reflected, together with interest income, as investment income in the accompanying financial statements. The Board's certificates are held in its name and it participates in the State of Nevada collateralization program to assure that funds deposited are protected. By statutes, all cash must be deposited in entities that are located in the state of Nevada.

Accounts Receivable

For the governmental fund financial statements, the accounts receivable represent fees and fines collected within 60 days subsequent to year end that are an available resource for the current year.

For the government-wide financial statements the accounts receivable represents fees and fines due as of year end. All amounts are considered collectible by management.

Capital Assets

Capital assets, which include furniture, fixtures, and equipment are reported in the net asset column in the government-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,500 and an estimated useful life of at least one year. Such assets are recorded at historical cost. Donated assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are expensed as incurred. Capital assets are depreciated using the straight-line method over three to twenty years.

Under the modified accrual basis of accounting, acquisitions are considered expenditures in the year purchased.



NOTE 1 - REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Continued)

Compensated Absences

It is the Board's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. No liability is reported for unpaid accumulated vacation or sick leave on the general fund balance sheet as no amounts were paid within 60 days subsequent to year end. Accumulated unused vacation and sick leave earned as of June 30, 2010, is reflected in the statement of net assets.

Deferred Revenue

By provisions of statute, the Board administers its licensing registration on a calendar year basis. Deferred revenue represents revenue from the calendar year renewals that relates ratably over the next fiscal year.

Subsequent Events

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Memorandum Only – Total Columns

Total columns in the consolidated financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, changes in net assets or cash flows in conformity with generally accepted accounting principles.

NOTE 2 - CASH AND CASH EQUIVALENTS

The Board maintains its checking accounts and certificates of deposit in two major commercial banks. The time certificates of deposit are held in the name of the Board. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 in the aggregate per bank for the checking accounts and \$250,000 for the time deposits.

The bank balances at June 30, 2010, totaled \$1,112,772 with \$432,695 not covered by the FDIC and collateralized with securities held by the Nevada Pooled Collateral program.

By provisions of statutes, the Board is required to deposit all money in banks or savings and loan associations located in the State of Nevada.

NEVADA STATE BOARD OF ACCOUNTANCY  
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
 JUNE 30, 2010

NOTE 3 - CAPITAL ASSETS

The Board has custodial responsibility to the State of Nevada for furniture, fixtures and equipment acquired with resources of the Board. The capital asset activity during the year is as follows:

	Balance July 1, 2009	Additions	Deletions	Balance June 30, 2010
<u>Capital assets not being depreciated</u>				
None	\$ -	\$ -	\$ -	\$ -
<u>Capital assets being depreciated</u>				
Office equipment and furniture	119,946	-	-	119,946
<u>Less: accumulated depreciation</u>				
Office equipment and furniture	71,295	21,046	-	92,341
Capital assets being depreciated, net	48,651	(21,046)	-	27,605
 Total capital assets, net	 \$ 48,651	 \$ (21,046)	 \$ -	 \$ 27,605

NOTE 4 - LONG-TERM OBLIGATIONS ACTIVITY

The Board leases a copier under a capital lease agreement, which bears interest at the rate of 23% annually and is payable in monthly installments of \$170, including interest. The cost of equipment acquired under capital lease obligations is \$6,015 with accumulated depreciation of \$2,607 at June 30, 2010.

The annual debt service requirements to maturity on the capital lease are as follows:

Year ending June 30,	
2011	\$ 2,037
2012	2,037
2013	1,698
	<u>5,772</u>
Less amount representing interest	(1,563)
	<u>\$ 4,209</u>

	Balance July 1, 2009	Additions	Reductions	Balance June 30, 2010
<u>Business Type Activities</u>				
Leases				
Copier	\$ 5,154	\$ -	\$ (945)	\$ 4,209
Other Liabilities				
Compensated absences	14,334	4,142	-	18,476
 Total business type activities	 \$ 19,488	 \$ 4,142	 \$ (945)	 \$ 22,685

NOTE 5 - OPERATING LEASE

The Board currently leases office space in Reno, Nevada. The lease term began September 1, 2008 and expires August 31, 2013. The monthly rental payment is currently \$1,843 with escalation clauses as detailed in the lease occurring subsequent to year end. The following is a schedule by years of future minimum rental payments:

Year ending June 30,		
2011	\$	22,641
2012		23,277
2013		23,912
2014		4,003

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Plan Description. The Nevada State Board of Accountancy contributes to the Public Employees Retirement System of the State of Nevada (PERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the Public Employees Retirement System of the State of Nevada. PERS provides retirement, disability, and death benefits, including annual cost-of-living adjustments, to plan members and their beneficiaries. Chapter 286 of the Nevada Revised Statutes establishes the benefit provisions provided to the participants of PERS. These benefit provisions may be amended only through legislation. PERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the Public Employees Retirement System of the State of Nevada, 693 West Nye Lane, Carson City, Nevada 89703-1599 or by calling (775) 687-4200.

Funding Policy. The Board is enrolled in the employer-pay contribution plan. In this plan, the Board is required to contribute all amounts due. The contribution requirements of plan members and the Board are established under Chapter 286 of the Nevada Revised Statutes. The Board's contribution rate for the years ending June 30, 2010, 2009, and 2008 were 20.50%. The Board contributed \$30,495, \$30,135, and \$27,880 for the years ending June 30, 2010, 2009, and 2008, respectively.

NOTE 7 - POST EMPLOYMENT RETIREMENT BENEFITS

Legislation affords public employees of the state of Nevada (State) the opportunity to enroll, upon their retirement, in the Public Employees Benefit Program (PEBP) health insurance plan. The legislation obligates the State for a portion of the medical premiums for those retired employees who elect to enroll in the PEBP health insurance plan. There is currently one retired employee participating in this plan. The Board has not been billed directly for its cost of this post employment retirement benefit. However, the State is charging an annual fee to the Board based on a rate determined by the State and the budgeted salaries of the Board. During the year ended June 30, 2010, the Board paid the State \$20,539 for current benefits and this additional fee for post employment retirement benefits. This annual cost is expected to continue and possibly increase based on future decisions by the State to allocate post employment retirement benefits to the Board's employees. Representatives of PEBP's have indicated that the post employment benefit liability is at the PEBP's level and the Board merely pays its annual required contribution based on the fees charged by the State. The Plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the Plan and no financial reports are issued.

NEVADA STATE BOARD OF ACCOUNTANCY  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)  
JUNE 30, 2010

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NOTE 8 - COMPLIANCE WITH NEVADA REVISED STATUTES AND NEVADA ADMINISTRATIVE CODE

The Board conformed to all significant statutory constraints on its financial administration during the fiscal year.

NOTE 9 - CONVERSION TO GOVERNMENT-WIDE FINANCIAL STATEMENTS

Adjustments on the face of the financial statements were made to the fund balance sheet and statement of revenue, expenditures, and changes in fund balance in order to reconcile the fund financial statements to the government-wide statements of net assets and activities. These adjustments detail the effect of accounts receivable of \$11,775, the capitalization of fixed assets of \$119,946, accumulated depreciation of \$92,341, depreciation expense of \$21,046, and the recognition of liabilities for the capital lease obligation of \$4,209, vacation payable \$10,685 and unpaid sick leave of \$7,791.

REQUIRED SUPPLEMENTARY INFORMATION

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NEVADA STATE BOARD OF ACCOUNTANCY  
 STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL  
 FOR THE YEAR ENDED JUNE 30, 2010  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			2009 Actual (Memorandum Only)
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	
<b>REVENUE</b>				
Fines and fees				
License fees	\$ 421,185	\$ 420,622	\$ (563)	\$ 413,848
Examination fees	41,500	41,400	(100)	40,850
Fee recovery	62,500	91,066	28,566	59,710
Temporary permit fees	-	875	875	35,950
Reciprocity fees	48,000	40,500	(7,500)	45,200
Certificate fees	13,500	11,760	(1,740)	14,185
Firm registration fees	10,000	21,000	11,000	7,400
Other operating revenue	1,200	875	(325)	875
Investment income	9,936	8,693	(1,243)	18,549
Total revenue	607,821	636,791	28,970	636,567
<b>EXPENDITURES</b>				
Current				
Personnel services				
Practice enhancement program	71,500	59,355	12,145	33,525
Board member per diem	17,850	11,250	6,600	12,900
Salaries	144,000	144,000	-	140,521
State retirement	30,960	30,495	465	30,135
Payroll taxes	5,470	6,557	(1,087)	4,704
Employee group insurance	15,036	16,660	(1,624)	14,376
Workers' compensation insurance	-	4,151	(4,151)	4,678
	284,816	272,468	12,348	240,839
Travel	60,078	45,237	14,841	38,925
Operating				
Audit	6,450	6,450	-	6,200
Bank charges	16,000	15,426	574	14,707
Background investigation	9,800	8,777	1,023	8,815
Committee and miscellaneous	1,700	1,073	627	1,848
Dues and registration	16,740	16,635	105	15,088
Equipment repairs and maintenance	4,500	4,269	231	57,108
Insurance	7,052	2,368	4,684	2,274
Legal	75,000	70,381	4,619	96,423
Lobbying	-	-	-	5,000
Office rent	23,902	22,059	1,843	21,477
Office supplies	3,800	2,746	1,054	2,372

See accompanying notes

NEVADA STATE BOARD OF ACCOUNTANCY  
 STATEMENT OF REVENUE AND EXPENDITURES - BUDGET AND ACTUAL (CONTINUED)  
 FOR THE YEAR ENDED JUNE 30, 2010  
 (WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2009)

	2010			2009 Actual (Memorandum Only)
	Original and Final Budget	Actual Amounts Budgetary Basis	Variance to Final Budget Favorable (Unfavorable)	
EXPENDITURES (Continued)				
Current (Continued)				
Operating (Continued)				
Postage	\$ 6,000	\$ 5,440	\$ 560	\$ 4,971
Printing and copying	6,200	6,263	(63)	6,090
Refunds	500	-	500	250
State fee assessment	5,950	3,306	2,644	3,186
Telephone	7,500	7,458	42	7,823
Transcript	2,000	3,319	(1,319)	2,446
	<u>193,094</u>	<u>175,970</u>	<u>17,124</u>	<u>256,078</u>
Total current expenditures	537,988	493,675	44,313	535,842
Capital outlay				
Equipment and furniture	61,000	48,681	12,319	2,377
Total expenditures	<u>598,988</u>	<u>542,356</u>	<u>56,632</u>	<u>538,219</u>
Excess of revenue over expenditures	\$ <u>8,833</u>	\$ <u>94,435</u>	\$ <u>85,602</u>	\$ <u>98,348</u>

See accompanying notes

REPORT ON INTERNAL CONTROL AND COMPLIANCE

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Members of the Board  
Nevada State Board of Accountancy

We have audited the financial statements of the Nevada State Board of Accountancy, as of and for the year ended June 30, 2010, and have issued our report thereon dated September 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Board's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board members and management and is not intended to be and should not be used by anyone other than these specified parties.

*Kohn Colodny* <sup>UP</sup>

Reno, Nevada  
September 22, 2010